

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF TEXAS  
AUSTIN DIVISION

<i>In re:</i>	§	Case No. 11-10273-hcm
BASTROP BLACKHAWK, LLC,	§	Chapter 11
	§	
<i>In re:</i>	§	Case No. 11-10282-hcm
LHB REAL ESTATE, L.L.C.,	§	Chapter 11
<i>Debtors</i>	§	
	§	Jointly Administered Under
	§	Case No. 11-10273

OBJECTION TO WAIVER OF PATIENT CARE OMBUDSMAN

COMES NOW Judy A. Robbins, United States Trustee for Region 7 (“UST”) and files this her *Objection to Waiver of Patient Care Ombudsman* and in support thereof would respectfully show as follows:

1. On March 1, 2011, Debtor Bastrop Blackhawk attended the Initial Debtor Conference with the UST. Debtor was requested to provide certain documentation and witness to discuss the status of Debtor’s business and ongoing plans.
2. At that meeting, the UST discovered that Debtor could not answer what had happened to any pharmaceuticals that were located at the hospital. Current ownership and Debtor representatives apparently did not participate in the shut down of the hospital and did not manage or supervise any processes that were taken to secure or otherwise dispose of medical or hazardous substances. Patient records were not being safeguarded by Debtor, but held by other parties, after the closure of the hospital. Debtor representatives indicated that certain patient records were now secured in a storage unit and Debtor’s Motion to Waive indicates that others are at the hospital, but it is not certain whether this includes all the records or only a portion. Debtor has not filed schedules or statement of financial affairs that provide additional information on the history or status of these items.

3. 11 U.S.C. § 333 requires the appointment of a patient care ombudsman to represent the interests of the patients of a health care facility. Debtor did not perform this obligation after the hospital was shut down. Debtor has stated that a receiver was appointed or in place at the request of the secured creditor(s) to handle these matters. A patient care ombudsman should be appointed to report to the Court and the UST as to the status of patient records and the process of meeting the requirements of § 351.

4. Disposing of or holding the types of materials typically found in a hospital requires licenses, permits, and is highly regulated. Debtor did not participate in that process with respect to its assets based on what Debtor representatives said at the IDC. In addition, they could not answer what had happened and what remained to be done to secure and safeguard any remaining items. An ombudsman should be appointed with sufficient expertise and authority to properly account for past transfers and properly hold and dispose of any future responsibilities and report on the progress to the Court and the UST.

5. Since Debtor has failed to provide information regarding its financial situation and would be obligated to provide funds to pay an ombudsman, Debtor should be required to disclose information sufficient to support employment of any appointed ombudsman with enough adequate assurance that funding will be sufficient going forward.

WHEREFORE, PREMISES CONSIDERED, the UST prays that the Court order appointment of a patient care ombudsman and for Debtor to provide adequate assurance of

funding in the future and for such further and other relief as is just.

Respectfully submitted,  
JUDY A. ROBBINS  
UNITED STATES TRUSTEE

By: /s/ Deborah A. Bynum  
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CERTIFICATE OF SERVICE

I hereby certify that I forwarded a true and correct copy of the foregoing by prepaid first class mail and/or by electronic means for all Pacer system participants to the parties listed on Debtor's Mailing Matrix on this the 3<sup>rd</sup> day of March, 2011.

/s/ Deborah A. Bynum  
Deborah A. Bynum

Label Matrix for Local Noticing  
0542-1  
Case 11-10273-hcm  
Western District of Texas  
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